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Hertz

Public Affairs Department
660 Madison Avenue
New York, New York 10021

News Release

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Contact: Leigh Smith (212) 980-2353

'Down-sized Driving' ...
1981 SPENDING TO RUN CARS, TRUCKS UP 6.8% TO $642 BILLION, SMALLEST RISE IN DECADE

As U.S. motorists "down-sized" their driving, 1981 spending to own and operate cars and trucks rose just 6.8% to $642.5 billion, the smallest yearly percentage increase since 1973's Arab oil embargo, The Hertz Corporation estimated today.

Average costs to drive passenger cars --old and new-- climbed $159 or 6% to $2790 last year, equal to 34.53¢ a mile for an estimated 8,081 miles travelled, according to the lease-rental company's new annual vehicle spending study.

These new figures compare with $2631, or 32¢ a mile for the average 8,224 miles driven in 1980 when total car and truck spending was $601.8 billion.

"While interest rates, fuel costs, insurance premiums and new vehicle purchase prices all soared last year, motorists limited their outlays by keeping their cars longer, driving less and switching to smaller models," the company's latest annual estimate said.

Since 1972's driving peak, per-auto travel has dropped 22%, the average unit on the road is more than a year older and is almost 800 pounds lighter than nine years ago, the company survey noted.

"Despite motorists' cutbacks, average annual car expenses per unit rose 122% in less than a decade and truck costs are up 176%," Hertz pointed out. "During the same time, the nation's overall inflation was 107%."

Average expenses for trucks, which many Americans use for personal transportation, were $2368 last year, or 78.89¢ a mile for the estimated 10,609 miles run. This is up 3.7% from $8067, or 73.77¢ spent for 10,935 miles logged the previous 12-month period.

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Overall car expenditures amounted to $340.4 billion in 1981, while total truck outlays reached $302.1 billion, amounts equal to more than 22% of the country's Gross National Product.

(The $159 per-car 1981 rise for all autos on the road contrasts with a previously-reported $653 a year --18.3% -- increase in ownership and operating expense average for typical new 1981 models.

(Expenses of 1981 compact-size makes purchased new, kept four years and driven the average 8,081 miles a year came to $4230, or 52.3¢ a mile, against $3577 or 43.49¢ for 8,224 miles, the estimated 1980 average mileage. New cars can cost more than twice as much to own and run as old ones, the report points out.)

Fuel, Upkeep Now Top Outlays

Total passenger car fuel cost was up $3.8 billion to $89.3 billion, a $22 a car 3.1% rise to $732 a year, or 9.1¢ a mile. These figures compare with $85.5 billion or $710 per car, 8.6¢ a mile in 1980.

Estimated fuel consumption dropped from 567 gallons per car in 1980 to 546 in 1981 as a result of less travel and improved fuel economy of recent-year models. But a 10.6¢ a gallon cost increase wiped out the driving-cutback and fuel-efficiency savings.

Maintenance, repairs, parts, accessories, labor and non-fuel service station charges came to $72.3 billion, equal to $593 per auto, 13.8% ahead of 1980. This was 7.34¢ a mile, against 6.34¢, or $521 annually, the prior year.

The classification of insurance, licenses and fees amounted to $62.5 billion, or $512 a car, up 5.8% from 1980. The 1981 per-mile figure was 6.34¢, versus 5.89¢ or $484 the year earlier. Interest went from $35.1 billion -- $291 or 3.54¢-- in 1980 to $42.6 billion --$349 or 4.32¢-- in 1981, a 20% per car rise.

Depreciation--the year-to-year value loss--declined 2.3% to $73.7 billion, as the average age of the nation's fleet of cars on the road rose. Per car, the drop was $22, from $626 or 7.6¢ a mile in 1980 to $604 or 7.47 in 1981.

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Expenses Drop As Vehicles Age

The Hertz vehicle spending estimates calculate vehicle depreciation rather than purchase prices since depreciation continues even if new cars are not purchased. Too, most vehicles are financed so payments extend over several years.

The depreciation estimates are based on purchase prices. The study shows new 1981 car prices aggregated $67.3 billion in 1981, $7967 per auto, compared with $58.3 billion, or $6649 in 1980.

For most cars depreciation is higher in the auto's early years, lower later. Also, interest and insurance costs drop as loans are repaid and coverage cut. These reductions usually more than offset higher maintenance and repair outlays older cars require, the report points out.

At equal yearly travel of 8,081, a 1981 compact-size sedan kept just one year would cost an estimated $4767, or nearly 59¢ a mile to own and operate. But the same typical car kept 10 years would cost just $1855 (in constant dollars) in its 10th year, under 23¢ a mile, a 36¢-a-mile difference.

Cutting travel as Americans are doing can actually produce higher cents-per-mile costs, Hertz noted, since fixed yearly license, fee, insurance and interest expenses are pro-rated over fewer annual miles. However, the reduced driving saves fuel, oil, tire, battery and repair charges, lowering overall dollars-per-year outlays and lengthening car life.

Three Year 33% Cost Climb Forces Pleasure Driving Cut

Over the past three years passenger car ownership and operating costs rose 33% from $2092 or 22.82¢ a mile in 1978 to 1981's $2790, Hertz estimates, a 51% increase in those 36 months on a per-mile basis to last year's 34.53¢.

Fuel prices almost doubled from 68.2¢ a gallon in 1978 to $1.332 in 1981. Typical new car purchase prices soared almost 47% from $5427 to $7967, despite driver "down-sizing" of models selected. Interest charges zoomed 54% from $226 a year to $349 Upkeep was up 34% from $443 to $593.

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While overall car mileage has dropped 22% since its 1972 high, pleasure travel by car plunged 40%. However, the country's population growth spurred a 26% rise in numbers of cars on the road. Also, during much of the 1970's, sales of recreational vehicles (classified as trucks) surged.

So, although per truck travel has dropped 13% and per car mileage is off 22%, the nation's overall vehicle miles run is up almost 8%. Calculated on a per-person basis, however, passenger car mileage is down 11% in the nine-year period, truck miles run per person is up 31% with the combined total off about 2.2%.

Cost, Driving Changes Since 1950

In 1950, the Hertz study data shows, motorists spent just $40.6 billion to run 49.2 million cars and trucks 458 billion miles. This amounted to $825 a year or 8.8¢ a mile for the 9,328 average miles of travel per vehicle that year. Automobile costs then were 8¢ a mile ($724 annually) for 9,032 miles run, trucks 12.1¢ ($1294) for 10,682.

By 1972, overall expenditures were $187 billion for 118.5 million units logging 1.268 trillion miles --14.7¢ a mile, $1579 a unit for the average 10,718 miles rolled. Cars then were 12.1¢ ($1256 yearly) for 10,362 miles, trucks up to 24.7¢ ($3029) for their 12,269 mile average.

Over the past three decades, interest expenses show the biggest rise, 584% -- reflecting the combination of soaring interest rates and a 394% increase in passenger car purchase prices.

Maintenance,parts and accessories show the smallest 31-year increase, 231% on a per-mile basis. In 1950, upkeep was 27.6% of total car ownership and operating expenses, but by 1981 this ratio had dropped to 21.3%, the lease-rental company's report estimated. Overall expenses have risen 285% since mid-century, compared with the 260% national inflation in the same time.

From 1950 to 1972, passenger car annual costs and inflation both rose together, each about 74%. But from 1972-81, car costs jumped 122%, inflation was up 107%.

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Fuel Consumption Continues Down

Car and truck fuel consumption was just 35.5 billion gallons in 1950, 25.2 billion gallons for cars, 10.3 billion for trucks. On a per-vehicle basis this was 722 gallons, 626 per car, 1170 per truck. Per capita it came to 236 gallons --168 for cars, 68 for trucks.

Motor vehicle fuel use in this country apparently peaked in 1978 at about 116 billion gallons--772 per unit, just 7% over the per-unit 1950 total. But the breakout was 654 per car, 1216 per truck --the latter substantially greater because of higher mileage and heavier units hauling more freight.

Per-person, though, the 1978 figures came to 523 gallons--more than double the 1950 figures -- with 351 gallons average for cars, 173 for trucks.

Since 1978, as travel dropped and fuel efficiency in new vehicles began to push the overall mile-per-gallon efficiency upward, motor vehicle fuel consumption has fallen. Total car and truck 1981 fuel use was under 106 billion gallons. This was 669 gallons per unit, some 103 gallons, or 13%, under 1978.

At 546 gallons, passenger car fuel consumption was down 108 gallons, or 17% from the 1978 high. Truck use of 1,083 gallons was off 11% or 133 gallons in the three years.

Per-person fuel consumption in vehicles also fell in the 36-month period, to just 461 gallons, down almost 12% -- but still nearly double 1950's level. Cars accounted for 291 gallons per person, trucks 171 gallon -- up 73% and 150% respectively from the mid-century rates.

Hertz and its system members have vehicle fleets totalling more than 325,000 lease and rental cars and trucks. The estimates in the study are based on the company's experience, plus projections using public and industry vehicle registration and mileage statistics.

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VEHICLE OPERATING COSTS (AND FUEL USAGE) DATA FOR KEY YEARS
TABULAR SUMMARIES

Table I

Years	1950			1972			1979			1980			1981		
Topic Description	Cars	Trucks	Total	Cars	Trucks	Total	Cars	Trucks	Total	Cars	Trucks	Total	Cars	Trucks	Total
Overall Operating Costs B$	29.2	11.4	40.6	121.6	65.4	187	280.1	236.6	516.7	317.0	284.8	601.8	340.4	302.1	642.5
-Per Unit$	724	1294	825	1256	3029	1579	2352	6978	3377	2631	8067	3863	2790	8368	4064
-Per Mile ¢	.0800	.1211	.0884	.1210	.2469	.1473	.2657¢	.6377¢	.3626	.3190¢	.7377¢	.4370	.3453	.7889	.4693
-Per Capita $	194	76	269	586	315	901	1274	1076	2349	1400	1257	2657	1486	1319	2804
Depreciation Cost-Total B$	6.5	3.2	9.7	33.0	19.6	52.6	68.9	60.3	129.2	75.4	66.0	141.4	73.7	65.3	139.0
-Per Unit $	163	363	197	341	907	444	579	1779	844	626	1870	908	604	1810	879
-Per Mile ¢	.0178	.0340	.0211	.0329	.0740	.0414	.0654	.1626	.0906	.0761	.1710	.1027	.0747	.1706	.1015
-Per Capita $	43	21	64	159	94	253	308	269	577	333	291	624	322	285	607
Fuel Cost Total B$	6.8	2.8	9.5	25.3	10.6	35.9	69.0	34.7	103.7	85.5	47.4	132.9	89.3	51.5	140.8
-Per Unit	167	318	193	261	491	303	580	1022	678	710	1342	853	732	1427	891
-Per Mile	.0185	.0298	.0207	.0252	.0400	.0283	.0655	.0934	.0723	.0863	.1227	.0965	.0906	.1345	.1028
-Per Capita	45	19	63	122	51	173	308	155	463	377	209	587	390	225	615
Other Cost Total B$	15.9	5.4	21.4	63.3	35.2	98.5	142.1	141.6	283.1	156.2	171.4	327.6	177.4	185.3	362.7
-Per Unit $	395	614	435	654	1630	831	1193	4177	1850	1296	4855	2103	1454	5133	2294
-Per Mile ¢	.0437	.0574	.0466	.0631	.1328	.0776	.1348	.3817	.1987	.1576	.4440	.2379	.1799	.4838	.2649
-Per Unit Analysis															
(Lic. Fees, Ins.)	145	261	165	248	617	315	461	1706	735	484	1998	827	512	2033	857
(Interest)	51	92	58	111	283	142	259	849	389	291	1009	454	349	1159	534
(Repairs, etc.)	200	261	212	296	728	374	473	1622	727	521	1848	822	593	1951	903
(slight variations owing to rounding)															
New Veh. Purch. Pri.-Tot.B$	10.2	2.0	12.2	35.4	11.4	46.8	60.7	33.2	93.9	58.3	25.3	83.6	67.27	25.62	92.89
-Per Unit	1612	1846	1627	3404	4542	3628	5873	9586	6804	6649	10,200	7435	7967	11725	8739
New Veh. Registered (Mil.)	6.3	1.1	7.5	10.4	2.5	12.9	10.3	3.5	13.8	8.8	2.5	11.2	8.44	2.19	10.63
Total Veh. On Road (Mil.)	40.3	8.8	49.2	96.8	21.6	118.5	119.1	33.9	153.0	120.5	35.3	155.8	122.0	36.1	158.1
Miles Per Vehicle	9032	10682	9328	10362	12269	10718	8850	10943	9314	8224	10,935	8838	8081	10609	8659
Total Vehicle Miles Travelled (Bil.)	364	94	458	1003	265	1268	1054B	371	1425B	991	386	1377	986B	383B	1369B
--VMT Per Capita	2415	624	3039	4834	1277	6111	4705	1656	6361	4375	1704	6079	4304	1672	5976
Fuel Use (Bil. Gals.)	25.2	10.3	35.5	70.0	29.5	99.5	73.2	38.6	111.8	68.3	40.1	108.4	66.6	39.1	105.7
Fuel Use Per Vehicle	626	1170	722	722	1365	840	615	1139	731	567	1136	696	546	1083	669
Fuel Use Per Capita	168	68	236	337	143	480	327	172	499	302	177	479	391	171	461
Fuel MPG Per Unit Avg.	14.4	9.1	12.9	14.3	9.0	12.9	14.4	9.6	12.8	14.5	9.6	12.7	14.P	9.8	13.0
Personal Income B$			227.6			939.1			1924.2			2143			2378
Gross National Product			286.2			1171.1			2368.8			2601			2844
Consumer Price Index			72.11			125.3			217.2			236.4			259.6
Fuel Cost Per Gal. $			.268			.363			.943			$1.226			$1.332
Population Estimate (Mil.)			150.7			207.5			224			226.5			229.1

TABLE II

AVERAGE MOTOR VEHICLE OWNERSHIP & OPERATING EXPENSES OVER THE YEARS
(figures are for both units bought news on those bought used)

Hertz Corp.
Estimates 7/82

YEAR	Passenger Cars					Trucks					Total Both				
	$ Per Unit	Miles Per Year	¢ Per Mile	# Units On Road Mils.	Total Spent Bil.$	$ Per Unit	Miles Per Year	¢ Per Mile	# Units On Road Miles	Total Spent Bil.$	$ Per Unit	Miles Per Year	¢ Per Mile	# Units On Road Mils.	Total Spent Bils.$
1950	724	9032	8.0	40.3	29.2	1294	10682	12.11	8.8	11.4	825	9328	8.8	49.2	40.6
1960	933	9545	9.8	61.6	57.4	1995	10738	18.58	12.2	24.3	1107	9742	11.4	73.8	81.7
1970	1220	10090	12.1	89.3	108.9	2664	11518	23.12	19.1	50.9	1475	10341	14.3	108.4	159.8
1971	1220	10280	11.9	92.8	113.2	2755	11485	23.99	20.2	55.7	1495	10496	14.2	113.0	168.9
1972	1256	10362	12.1	96.8	121.6	3029	12269	24.69	21.6	65.4	1579	10718	14.7	118.5	187.0
1973	1288	9597	13.4	101.8	131.1	3112	10970	28.37	23.7	73.8	1632	9857	16.6	125.4	204.8
1974	1493	8732	17.1	104.9	156.6	4127	10960	37.66	25.0	103.2	2000	9160	21.8	129.9	259.8
1975	1682	8901	18.9	107.4	180.6	4074	10227	39.84	26.4	107.6	2157	9170	23.5	133.7	288.2
1976	1812	9015	20.1	109.7	198.8	4594	10942	41.99	27.6	126.1	2366	9403	25.2	137.3	324.9
1977	1913	9199	20.8	114.1	218.4	5310	11379	46.67	29.7	157.7	2615	9649	27.1	143.8	376.1
1978	2092	9165	22.8	118.6	248.1	6176	11428	54.04	31.5	194.5	2949	9640	30.7	150.1	442.6
1979	2352	8850	26.6	119.1	280.1	6978	10943	63.77	33.9	236.6	3377	9314	36.3	153.0	516.7
1980	2631	8224	32.0	120.5	317.0	8087	10935	73.77	35.3	284.8	3863	8838	43.7	155.8	601.8
1981	2790	8081	34.5	122.0	340.4	8368	10609	78.89	36.1	302.1	4064	8659	46.9	158.1	642.5

slight variations owing to rounding.

TABLE III

MILEAGE TRAVELLED AND FUEL USED BY VEHICLE TYPE AND PURPOSE
(In Billions of Miles and Billions of Gallons)

	TRUCKS*		PASSENGER CARS Business Travel By Passenger Cars		PASSENGER CARS Necessary Family Use		PASSENGER CARS (Commutation Use)+		CARS & TRUCKS TOTAL NON-PLEASURE*		CARS PLEASURE TRAVEL		CARS & TRUCKS TOTAL VEHICLE TRAVEL	
	Miles	Fuel Use	Miles	Fuel Use	Miles	Fuel Use	(Miles)	(Fuel Use)	Miles	Fuel Use	Miles	Fuel Use	Miles	Fuel Use
'50	94B	10.3 Bg	62.3B	4.33B	207B	14.3B Bg	102B	7.06 Bg	363B	29.01 Bg	95 B	6.49 Bg	458	35.5
'60	131	16.7	100.6	7.03	334	23.36	170	11.87	566	47.09	153	10.81	719	57.9
'70	220	26.5	159.8	11.65	508	37.08	268	19.53	888	75.24	233	17.06	1121	92.3
'71	232	28.0	164.6	12.01	549	40.07	287	20.98	945	80.08	241	17.42	1186	97.5
'72	265	29.5	167.0	11.60	573	40.07	303	21.20	1005	81.25	263	18.25	1268	99.5
'73	260	30.4	157.4	12.11	561	43.15	297	22:88	978	85.66	259	19.64	1237	105.3
'74	274	29.9	143.9	11.51	529	42.32	281	22.46	946	83.73	244	19.47	1190	103.2
'75	270	29.7	148.2	11.31	553	42.21	294	22.42	972	83.22	254	19.68	1226	102.9
'76	302	33.1	154.7	10.67	572	43.01	303	22.82	1029	86.78	262	20.72	1291	107.5
'77	338	36.7	161.1	10.39	630	45.99	323	23.58	1129	93.08	258	20.22	1387	113.3
'78	360	38.3	171.1	10.06	652	46.57	334	23.89	1183	94.93	264	20.97	1447	115.9
'79	371	38.6	166.7	9.26	658	45.89	324	22.70	1196	93.75	229	18.05	1425	111.8
'80	386	40.1	152.5	8.03	637	44.44	315	21.94	1179	92.57	201	15.83	1377	108.4
'81	383	39.1	150.9	7.82	636	43.47	314	21.42	1170	90.38	199	15.31	1369	105.7

*Note: Many light-duty trucks are used for pleasure travel, but mileage figures cannot be computed accurately, therefore, non-pleasure truck and overall non-pleasure travel totals are believed to be somewhat over-stated. All data are projections and estimates based on government and motor vehicle industry public figures. Trucks are also used for commutation.

+Note: Commutation sub-category is included in "Necessary Family Use" Total.
Government samples indicate about 10.2% of commutation mileage is by truck, presumably much of it by vans in pool-type arrangements. These totals are reflected in truck use, not in commutation.

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ABLE IV

HERTZ ESTIMATES OF 1981-MODEL NEW PASSENGER CAR OWNERSHIP, & OPERATING COSTS

Average cents - per-mile (& Total Annual Dollar) Expenses for Varying Years of Service, Mileage and Car Type

Use Years	'SUB-COMPACT' At Constant Miles Per Year		'COMPACT' At Constant 8081 M.P.Y.		'COMPACT' At Declining Annual Miles Averaging 8081 Over 10 Years			'COMPACT' Constant Miles Per Year				MID-SIZE	INTER-MEDIATE	STAN-DARD
	10,000	15,000	¢P.M.	$P.Y.	M.P.Y.	¢P.M.	$P.Y.	5,000	10,000	15,000	25,000	Each At Constant 10;000 Miles Per Year		
1	37.89¢	28.06¢	58.99¢	= $4767	12292	= 42.42¢	= $5214	88.64¢	49.70¢	36.68¢	26.83¢	52.34¢	54.57¢	56.56
2	36.73	27.52	56.27	= 4547	11363	= 43.47	= 4939	84.37	48.00	35.83	25.21	50.61	52.76	54.83
3	35.50	26.73	54.49	= 4403	10652	= 44.22	= 4699	80.57	46.28	34.72	25.78	48.83	50.89	52.97
4	34.28	26.03	52.34	= 4230	9974	= 44.56	= 4444	77.51	44.57	33.71	25.45	47.06	49.03	51.13
5	33.47	25.59	50.89	= 4112	9559	= 44.79	= 4282	75.00	43.42	33.08	--	45.88	47.79	49.90
6	30.82	24.02	46.31	= 3742	9278	= 41.91	= 3889	67.68	39.82	30.91	--	42.15	43.89	46.00
7	28.96	--	43.01	= 3475	9052	= 39.73	= 3596	62.18	37.26	No Data Over 100,000 Miles		39.52	41.13	43.27
8	27.53	No	40.44	= 3268	8802	= 38.27	= 3369	57.96	35.30			37.51	39.02	41.19
9	26.38	Data	38.56	= 3116	8500	= 37.24	= 3166	54.60	33.73			35.89	37.33	39.50
10	25.43	Over 100M	37.00	= 2990	8081	= 37.00	= 2990	51.87	32.42	--	--	34.54	35.92	38.10

NOTE: Above Costs Are Averages for the Varying Use/Mileage Periods; those below, right, are for each of the years.

HISTORICAL COMPARISONS NEW 'INTERMEDIATE' SIZE CAR EXPENSE ESTIMATES

At Estimated Varying Mileage Averages Each Year

Year	3-Year Average Annual Mileage	3-Year Use Cost Cents Per Mile	10-Year Aver. Annual Mileage	10-Year Use Cost Cents Per Mile	At Constant 10,000 Mile A Yr. Aver. 3-Yr. Use	10-Yr. Use	3-Year Use CONSTANT DOLLARS @ 10,000 MPY (in 1981 $)
1925E	5835	16.9¢	Not Available		11.5¢	NA	58.4¢
1950	12771	9.3	9032	8.0¢	10.9	7.7¢	40.3
1960	13497	12.2	9545	9.8	14.4	9.5	43.3
1970	14267	14.7	10090	12.1	19.0	12.2	43.6
1971	14567	14.3	10280	11.9	18.7	12.1	41.1
1972	14652	15.1	10362	12.1	19.7	12.4	41.9
1973	13570	16.2	9597	13.4	20.2	13.1	40.5
1974	12300	20.7	8732	17.1	23.8	15.9	43.0
1975	12561	23.2	8901	18.9	27.2	17.7	45.0
1976	11885	24.8	9015	20.1	28.1	17.9	44.0
1977	12127	26.2	9199	20.8	30.1	20.0	44.2
1978	12082	29.1	9165	23.1	33.1	22.0	45.8
1979	11666	34.0	8850	28.7	38.0	26.4	46.7
1980	10841	41.5	8224	34.5	44.0	31.0	49.7
1981	10652	48.6¢	8081	40.8	50.9	35.9	50.9

CURRENT DATA 'COMPACT' CAR EXPENSES

Yearly Costs & Mileages for Various Ownership Periods (Not Averages for All Yrs. as Listed Above.)

Use Yr. Mi.	At Constant 8081 MPY ¢P.M.	$P.Y.	At Listed Declining Yrly. Mileage Aver. 8081 MPY Miles	¢P.M.	$P.Y.
1	58.99¢	= $4767	12292	= 42.42¢	= $5214
2	53.55	= 4327	10433	= 44.71	= 4664
3	50.93	= 4116	9230	= 46.07	= 4252
4	45.89	= 3718	7940	= 45.93	= 3647
5	45.09	= 3644	7899	= 45.95	= 3629
6	23.41	= 1892	7873	= 24.42	= 1923
7	23.21	= 1876	7696	= 23.96	= 1844
8	22.45	= 1814	7052	= 25.15	= 1774
9	23.51	= 1900	6084	= 25.32	= 1540
10	22.96	= 1855	4310	= 32.74	= 1411
Av.	37.00¢	= $2990	8081	= 37.00¢	= $2990